



**U.S. Department of Justice**

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**EVENT: Sentencing**

**Defendant: Jay Wolcott**

**HOUGHTON LAKE CAR SALES MANAGER SENTENCED  
TO 18 MONTHS FOR DEFRAUDING IRS**

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Jay Wolcott, 55, of Houghton Lake, Michigan, was sentenced to 18 months of imprisonment, followed by three years of supervised release, United States Attorney Stephen J. Murphy announced today. Wolcott was also ordered by United States District Court Judge Thomas L. Ludington to pay restitution of \$86,266, plus penalties and interest, and to file all back tax returns. Wolcott was also ordered not to have any employment upon his release from custody where he has access to financial information of third parties. This sentence was imposed as the result of Wolcott's March 2007 guilty plea to a conspiracy to defraud the Internal Revenue Service.

Murphy was joined in the announcement by Maurice M. Aouate, Special Agent in Charge of the Internal Revenue Service Criminal Investigations office in Detroit.

According to court records, from 1999 to 2002, Jay Wolcott, and at times with his wife Lori, were employed at Lakeside Motors. They converted cash and checks belonging to Lakeside Motors for their own use and failed to report over \$290,000 in income on their 1999, 2000, and 2001 tax returns. As part of their conspiracy, Mr. Wolcott would underreport the price of a sold vehicle to Lakeside Motors' bookkeepers, causing them to falsify records with the Michigan Secretary of State, while keeping the difference. He persuaded customers to make cash deposits or make checks payable to "cash" or him personally, which were not recorded with Lakeside Motors. The Wolcotts converted the checks to their personal use, but did not report the money as income.

Mr. Wolcott also acquired property through Lakeside Motors, including snowmobiles, boats, motorcycles, travel trailers, all terrain vehicles, and pick-up toppers, and sold them at a profit, but failed to report these transactions on the books and records of Lakeside Motors. Mr. Wolcott used his manager's position to issue Lakeside Motor checks to himself, his wife and to cash. Often these checks would be endorsed by Mrs. Wolcott and deposited into her personal bank and credit union accounts. The Wolcotts used this money to remodel their kitchen and

purchase children's play equipment, satellite dishes, a life insurance policy, and a

new water pump for their home, among other items, and failed to report that income on their tax returns.

According to the court records, the Wolcotts also owned several rental properties in the Houghton Lake area. Lori Wolcott claimed considerable income from managing those rental properties on bank loan applications. The Wolcotts, however, failed to report the income from their rentals on their federal income tax returns.

United States Attorney Murphy stated, "All Americans who enjoy the benefits of our government also have the duty to pay taxes if they make enough income. Whenever a citizen falsifies his tax returns or hides income to avoid tax obligations, this is a violation of federal law that can result in federal prosecution."

Maurice M. Aouate, Special Agent in Charge of the Internal Revenue Service Criminal Investigations office in Detroit said, "In this case, husband and wife schemed together to hide income, willfully decided that they were not going to claim it, and signed the false tax returns. Now, they both must answer to the known legal duty that you must pay your taxes and in Mr. Wolcott's case, it involves a lengthy prison sentence."

Lori Wolcott, 48, is scheduled to be sentenced on June 25, 2007, at 11:00 am.

United States Attorney Murphy thanked IRS Criminal Investigations for the efforts that lead to this successful prosecution.